

COPY

**COMMONWEALTH OF KENTUCKY
DEPARTMENT OF FINANCIAL INSTITUTIONS
DEPARTMENT ACTION NO. 2004-AH-002**

DEPARTMENT OF FINANCIAL INSTITUTIONS

PETITIONER

vs.

RUSSELL PERRY
GLOBAL EXPLORATION, LLC
THE PEN RIESE COMPANY
THE PEN ROSE COMPANY

RESPONDENTS

ORDER TO CEASE AND DESIST

* * * * *

Statement of Facts/Findings

1. The Petitioner, Department of Financial Institutions (hereinafter referred to as the "Department"), is the agency of the Commonwealth of Kentucky charged with the enforcement of KRS Chapter 292 also referred to as the "Kentucky Securities Act".

2. The Respondent, Russell Perry (hereinafter referred to as "Perry"), to the best of Petitioner's knowledge resides at 12227 Brighton Court, Knoxville, Tennessee.

3. The Respondent, Global Exploration, LLC (hereinafter referred to as "Global"), is a Kentucky corporation listing its agent for service of process as David R. Choate, 216 East Cumberland Street, Albany, Kentucky 42602 and further listing its principle office address as 10 Quail Drive, Ona, West Virginia 25545.

4. The entities known as The Pen Rose Company and The Pen Riese Company are not listed on the website of the Kentucky Secretary of State as being registered in this state either as a business entity or as an entity authorized to do business in Kentucky.

Based on a civil complaint filed by David D. Hutchison against all of the above-named

Respondents, the address of The Pen Rose Company is P.O. Box 22127, Knoxville, Tennessee and the address of The Pen Riese Company is A6370 Gunhabing 48, Kitzbuhel, Austria (Europe).

5. Mr. David D. Hutchison further alleges to the Department that Russell Perry solicited the sale to Mr. Hutchison of certain undivided interests in oil and gas wells located in the Commonwealth of Kentucky. David D. Hutchison resides in the state of Florida but drove to Kentucky in late 2001 or early 2002 and delivered sums of money to Russell Perry in exchange for working interests in certain oil and gas wells located in Cumberland and Wayne Counties of Kentucky. On January 4, 2002, The Pen Riese Company or the Pen Riese Company, Inc. assigned 10 per cent of the working interest in the Pisgah Lumber Company, Inc. lease in Cumberland County, Kentucky to Mr. Hutchison. Russell Perry signed said assignment in behalf of The Pen Riese Company.

6. The Pen Rose Company has received certain oil and gas interests from the Pen Riese Company and, in turn, The Pen Rose Company has sold (assigned) overriding royalties in the same Pisgah Lumber Company, Inc. lease to Ronald Reddick of the United Kingdom; to Bernhard Hoetzel of Austria; and, Robert and Kendra Dyer of Knoxville, Tennessee. The foregoing assignments were executed in Wayne County, Kentucky by Russell Perry for The Pen Rose Company.

7. The subject interests in oil and gas wells sold by Russell Perry and his affiliated companies, The Pen Riese Company, The Pen Rose Company, and Global Exploration, LLC are "securities" as specifically defined in KRS 292.310(18), to wit, "Security means ... "fractional undivided interest in oil, gas, or other mineral rights".

8. KRS 292.330(1) provides, "It is unlawful for any person to transact business in this state as a broker-dealer or agent, unless the person is registered under this chapter. It is unlawful for any broker-dealer or issuer to employ an agent unless the agent is registered." Based upon the statement of David D. Hutchison, he purchased his oil and gas interests from Russell Perry and Russell Perry, Jr. Neither Russell Perry nor Russell Perry, Jr. is registered with the Kentucky Department of Financial Institutions as a broker-dealer or agent for the sale of securities in this state.

9. KRS 292.340 provides, "It is unlawful for any person to offer or sell any security in this state, unless the security is registered under this chapter, or the security or transaction is exempt under this chapter, or the security is covered under this chapter." No attempt has been made to register the securities being sold by the Respondents with the Department nor has any claim of exemption been filed by the Respondents nor has the Department received any notification from the Respondents relative to the sale of the securities.

10. Beginning in January of 2003 the Department sought to obtain certain information from Russell Perry relative to the sale of the securities noted herein. Such information was sought by investigative subpoena issued by the Commissioner of the Department and copies of the subpoena were mailed to Russell Perry at 1620 South Broadway, Suite 248, Maryville, TN 37801-5600, Gubelstrasse #19, Zurich, Switzerland, and 12227 Brighton Court, Sarragut, TN 37922. The Sarragut, TN subpoena was signed for by a certain "Jayne Perry" and the Maryville, TN subpoena was signed for by a certain "Marilyn Chappell" on January 27, 2003; however, no response to the request for information was forthcoming. In August 2003, from correspondence received from

David D. Hutchison's civil attorney, the Department learned the name and address of Russell Perry's attorney, Hon. Thomas E. Carroll. In an attempt to make contact through Mr. Carroll to Mr. Perry, the Department wrote Mr. Carroll and Mr. Carroll replied on September 12, 2003 that Russell Perry had been in ill health but that a copy of our letter had been forwarded to Mr. Perry with "a note to call and discuss the matter with me" (Mr. Carroll). The Department still has received no response to its original subpoena. Based on the failure of the Respondents to register its securities or to register the seller of said securities and the Respondents failure to respond to the Department's request for information relative to its business activities, the Department believes unreasonable delay will be caused should a final cease and desist order be requested herein and filing an administrative complaint with notice and opportunity for hearing to the Respondents will cause harm to the public. The requirements of KRS Chapter 292 are minimal and are enacted to protect the public from the sale of highly speculative securities unless the public is properly informed of the nature of same. An immediate cease and desist order should issue against the Respondents with opportunity for appeal.

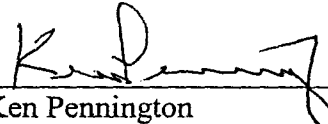
CEASE AND DESIST ORDER

The Respondents and each of them shall henceforth cease and desist from violating KRS Chapter 292. Specifically the Respondents shall not sell or offer for sale any interests in oil and gas wells or oil and gas ventures located in the Commonwealth of Kentucky nor shall they sell or offer for sale any securities until they comply with KRS Chapter 292.

APPEAL RIGHTS

Pursuant to KRS 292.470 the Respondents or any of them shall have the right to appeal this Cease and Desist Order to the Franklin Circuit Court. Pursuant to KRS 292.490 said Appeal shall be taken within 30 days of the entry of this Order.

Entered this 6th day of January, 2004.


Ken Pennington
Deputy Commissioner
Department of Financial Institutions
1025 Capital Center Dr., Suite 200
Frankfort, Kentucky 40601
(502) 573-3390
Facsimile (502) 573-2183

Certificate

I, Aubrey R. Mooney, certify that a copy of the foregoing was served on each Respondent by certified mail, return receipt requested, this 7 day of January 2004 at the following addresses:

Russell Perry -12227 Brighton Court, Sarragut, Tennessee 37922

Gubelstrasse #19, Zurich, Switzerland

1620 South Broadway, Suite 248, Maryville, Tennessee 37801-5600

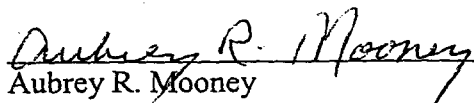
and a copy to his attorney, Hon. Thomas E. Carroll, 51 Court St.,
Monticello, KY 42633

Global Exploration, LLC – 615-A South Columbia St., Albany, Kentucky 42602

and David R. Choate, 216 E. Cumberland St., Albany, Kentucky 42602

The Pen Riese Company – A6370 Gunhabing 48, Kitzbuhel, Austria

The Pen Rose Company – P.O. Box 22127, Knoxville, Tennessee


Aubrey R. Mooney
Counsel